



HR

East Asia Review

8 August 1978

Secret

RP EAR 78-001
8 August 1978

Copy

243

Warning Notice
Sensitive Intelligence Sources and Methods Involved
(WNINTEL)

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

DISSEMINATION CONTROL ABBREVIATIONS

NOFORN-	Not Releasable to Foreign Nationals
NOCONTRACT-	Not Releasable to Contractors or Contractor/Consultants
PROPIN-	Caution—Proprietary Information Involved
NFIBONLY-	NFIB Departments Only
ORCON-	Dissemination and Extraction of Information Controlled by Originator
REL . . .-	This Information has been Authorized for Release to . . .

Classified by 006266
Exempt from General Declassification Schedule
E.O. 11652, exemption category
Sec. 5A(1), (2), and (3)
Automatically declassified on
date impossible to determine

NFAC publications are available on microfiche. To get a microfiche copy of this publication call (OCR/DSB); for future issuances in addition to or in lieu of hard copies, call PPG/RD).

STATOTHR
STATOTHR

EAST ASIA REVIEW

8 August 1978

CONTENTS

25X1X

Malaysia: What the Election Means 4

The position of Prime Minister Hussein has strengthened both with the ruling National Front coalition and within his own party, but modest gains by the opposition Chinese-dominated Democratic Action Party reflect increasing disenchantment on the part of the minority Chinese population.

Cook Islands: Government Ousted 7

The ouster of the government on charges of election fraud has brought the opposition to power with promises to streamline the bureaucracy, give more attention to the outer islands, and improve ties with New Zealand and the US.

North Korea Chronology 9

This publication was formerly entitled East Asia Biweekly Review.

This publication is prepared for regional specialists in the Washington community by the East Asia/Pacific Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the National Foreign Assessment Center. Comments and queries are welcome. They should be directed to the authors of the individual articles.

SECRET

Next 2 Page(s) In Document Exempt

25X1A

Malaysia: What the Election Means

The results of the recent parliamentary and state elections suggest that:

- The position of Prime Minister Hussein has been strengthened both within the ruling 10-party National Front coalition and within his own party, the United Malays National Organization (UMNO).
- The gains made by UMNO, although aided by the ban on rallies during the campaign, reflect the majority Malay community's continued support of a secular Malay party as the country's dominant governing body.
- The modest gains made by the opposition Chinese-dominated Democratic Action Party (DAP) reflect increasing disenchantment on the part of the minority Chinese population with the National Front's two Chinese parties, the Malaysian Chinese Association (MCA) and Gerakan.
- The losses absorbed by the opposition conservative Malay Islamic Party (PAS) stem from its inability to shake off its corrupt image and to articulate credible policy alternatives.

Hussein, who came to power in January 1976 upon the death of his predecessor, has emerged with a mandate to continue pursuing the New Economic Policy--aimed at increasing wealth among Malays through sustained economic growth--while minimizing communal tension. The National Front, which he leads, won 131 of 154 parliamentary seats, gaining once again the strength to make constitutional changes; his own party took 70 of those seats, an overall increase of nine.

The victory will probably set the stage for a harmonious UMNO General Assembly, which Hussein had

8 August 1978

SECRET

canceled to hold the election. The convention, at which party officers are elected, is now scheduled for 14-16 September. In the wake of UMNO's strong electoral showing, it is unlikely that Hussein and Deputy Prime Minister Mahathir--who was returned to Parliament with a surprisingly large majority--will face even token challenges for the UMNO presidency and vice-presidency.

The Front's victories in all state assemblies have also led to the appointment of several new Chief Ministers. Their reputations for honesty and administrative competence combined with their close ties to Hussein may work in favor of settling some federal-state conflicts over land use--a constitutional prerogative of the states that has impeded national planning and been a traditional source of corruption at the state level.

Discrimination in land matters--for example, the difficulty encountered by the Chinese in obtaining licenses to run their tin operations--is one of several reasons why more Chinese Malaysians voted for the DAP; favoritism of Malays in economic and educational issues are two others. The DAP's increase in Parliament from nine to 16 seats and the MCA and Gerakan's combined decrease from 26 to 21 may also reflect an increasing perception among ethnic Chinese that their Front parties are too subservient to UMNO. The fact that two of the DAP victors are detainees who could not campaign illustrates the level of frustration harbored by the Chinese community.

Although it is unlikely that the government will change its educational policy--favoring the admittance of Malays to universities and the use of Malay in the classroom--Hussein will probably be more flexible in economic matters. He may seek to lessen restrictions on the amount of Malay equity needed for approval of new investment, which might assuage at least some segments of the Chinese business community and lead to an increase in what has been lagging domestic investment. The Prime Minister's creation and assumption of a new Ministry of Federal Territory--with control over land matters in an area including Kuala Lumpur, where the majority of the population is Chinese--may be another

8 August 1978

SECRET

way to win Chinese support. The Front won only two of five seats in Kuala Lumpur, and one of those was gained on a plurality; the DAP took the other three.

Hussein and other UMNO leaders have worked hard at winning over rural Malay constituency of PAS with timely allocations of federal funds and promises of future economic development. This strategy, combined with land profiteering scandals involving PAS leaders, has led to the party's lowest point since its birth over 20 years ago. As a result of recent elections, its parliamentary representation fell from 13 to 4; and its state strength declined to 11, including considerable setbacks in Kedah and, earlier this year, in Kelantan. Nevertheless, the margin of some UMNO victories over PAS, especially in traditional PAS strongholds in the north, were slim. A faltering economy combined with heightened racial tension could lead to a PAS resurgence, particularly under a new party leadership. (CONFIDENTIAL)

8 August 1978

SECRET

25X1A

Cook Islands: Government Ousted

The ouster of the government that fraudulently engineered its own reelection last March frees New Zealand from the prospect of dealing with civil disturbances in the South Pacific territory, a self-governing state in free association with Wellington. The new government will probably be more cooperative with New Zealand and better disposed toward the US.

The Cook Islands high court ruled two weeks ago that the government of Premier Albert Henry achieved reelection only by flying in supporters among Cook Islanders living in New Zealand, who outnumber the 18,000 island residents. The court unseated the Premier and seven of his supporters and awarded the seats to opposition candidates, causing Henry's party to lose control of parliament. The decision marked the first time that a judge in a British-based legal system has unseated a government.

Evidence that the voter flights were financed by a US philatelic organization brought charges of US business control of the government. Although further airing of these charges may cause lingering suspicion of US business interests, no islanders suggest US Government culpability.

The quick and smooth elevation to the premiership of Dr. Tom Davis, leader of the opposition Democratic Party, has headed off political unrest. Most islanders, weary of Henry's 13 years of despotic and nepotistic rule, appear to have welcomed the change. Henry announced he will not contest the court ruling and called on the islanders to work together.

The new government has promised to streamline the bloated bureaucracy and to give more attention to the neglected outer islands. It will strengthen ties with New Zealand, occasionally strained under the testy Henry.

8 August 1978

SECRET

Premier Davis--of part-European ancestry--has had a distinguished medical career. He lived in the US for 20 years and worked in the US space program in the early 1960s. One legacy of this experience seems to be a pro-US attitude. Among his campaign suggestions was promotion of foreign investment by opening tracts of land for retirement communities for Americans. Davis presumably will take a more relaxed view than his predecessor of low-level US claims to some of the northern islands of the Cooks chain. (CONFIDENTIAL NOFORN)

8 August 1978

25X1A

North Korea Chronology
(UNCLASSIFIED)

7-11 June Kim Il-song tours cooperative farms in South Pyongan Province and makes a three-day visit to the west coast port city of Nampo. At Nampo on 10 June, Kim presides over a local party conference and calls for the expansion of port facilities and shipbuilding to boost North Korea's foreign trade during the seven-year economic plan (1978-1984).

13 June Eight North Korean fishermen are released by the UN Command at the 452nd meeting of the secretaries to the Military Armistice Commission at Panmunjom. The fishermen are survivors of an incident on 19 May off the east coast in which a South Korean patrol craft sank a North Korean fishing boat that had inadvertently strayed south of the seaward extension of the Military Demarcation Line. In that incident nine North Korean fishermen were lost at sea.

 Major Yi Chun-kwang, an intelligence officer assigned to South Korean Army units along the eastern sector of the Demilitarized Zone, defects to North Korea by crossing the DMZ.

16 June The USSR and North Korea sign the 1978 trade protocol in Moscow.

17-27 June Kim Il-song tours mining districts in South Hamgyong Province and farmlands and industrial facilities in North Hamgyong Province. On 26 June,

8 August 1978

SECRET

17-27 June Kim presides over a North Hamgyong provincial party conference at Chongjin and reviews the tasks for the seven-year economic plan.

27 June The Military Armistice Commission holds its 389th meeting at the request of North Korea. The UN Command urges the North Korean representatives to avoid propaganda exchanges and make proper use of the armistice machinery.

Niu Ke-lun, the newly appointed Chinese member of the Military Armistice Commission, attends his first meeting.

A South Korean patrol craft collides with and sinks a North Korean fishing boat that had moved south of the Northern Limit Line near the west coast islands. One North Korean drowns, and five others are picked up at sea by the South Korean Navy.

27-29 June The Soviet-controlled Council for Mutual Economic Assistance (CEMA) holds its 32nd session in Bucharest. The North Korean Ambassador to Romania attends as an observer.

30 June Pyongyang extends for two years the private fisheries agreement that permits Japanese fishing inside North Korea's 200-mile economic zone in the Sea of Japan.

1 July A long editorial in Nodong Sinmun, the party daily, rejects South Korean President Pak Chong-hui's proposal on 23 June for economic cooperation between the North and South, characterizing it as a "phony" proposal not intended to promote reunification.

8 August 1978

SECRET

2 July	Kim Il-song visits food markets in Pyongyang.
3 July	The Military Armistice Commission holds its 390th meeting to hear Pyongyang's protest concerning the sinking on 27 June of a North Korean fishing boat. At the 453rd meeting of MAC secretaries on the same day four of the five surviving North Korean fishermen are released by the UN Command.
12 July	Kim Il-song presides over a joint party-government meeting to discuss North Korea's policy toward the non-aligned movement in preparation for the nonaligned foreign ministers' meeting in Belgrade in late July. Adopting a stance characteristic of the more moderate member states, Pyongyang deplores splits in the movement and urges greater aligned unity.
20 July	Pyongyang announces an amnesty for "criminals" on the occasion of the regime's 30th anniversary on 9 September 1978.
23 July	Lt. General O Kuk-yol, former commander of the North Korean Air Force, leads a military friendship delegation to China. O Kuk-yol attends the Chinese Army Day reception in Peking and is received by party leader Hua Kuo-feng on 31 July.
25-26 July	Kim Il-song presides over North Pyongan Province party meeting and outlines economic tasks. He says the first phase of construction of the Chinese-supplied oil refinery (the "Ponghwa chemical factory") should be finished by 9 September.

8 August 1978

SECRET

SECRET

25-30 July Foreign Minister Ho Tam attends the meeting of nonaligned foreign ministers in Belgrade. Ho addresses the meeting as a "regional representative" for Asia. The Korea resolution, while supporting North Korea's position, is moderate in tone.

1 August Pyongyang domestic radio carries a summary of a shrill anti-Soviet article by the Chinese Defense Minister. The article puts the blame on the USSR for tension along the Sino-Soviet border and asserts that China is a "formidable obstacle" to Soviet expansionist designs.

8 August 1978

Secret

Approved For Release 2002/05/07 : CIA-RDP79T00912A002200010026-7

Secret

Approved For Release 2002/05/07 : CIA-RDP79T00912A002200010026-7